Secrt. II-27—100,000—21-5-52.

Development (1954) Department.

'48 SERIES.

G.O. No. 1706

Dated 29 3 49

[Despatch Abstract.]

Coop. Socs., - Land Mortgage Banks - Organisation in new areas - Employment of three addl. Coop. Sub-Registrars with three peons- Sanctd.

Copy of letter No.Rc.18710/48-J, dated 27-8-1948 from the Registrar of Cooperative Societies, Madras to the Secretary to Government, Development Department, Madras.

SuB: Primary Land Mortgage Banks - Organisation in new areas - Proposals.

Ref: Govt. Development Department Memo.No.80268-B.III/48-1, dated 21-7-48.

In their memo cited above Government have forwarded to me a copy of the letter from Sri B. Venkataratnam and have asked me to offer my remarks on his suggestions that (1) at this juncture more new banks should be brought into being in order to render service to the agriculturists more efficiently than before and (2) that a Deputy Registrar might be appointed for this purpose.

2. The Vijaya Raghavachari Committee on Cooperation recommended the adoption of a 5 year plan of expansion of Land Mortgage Banks so as to provide for at least 200 banks covering the whole province. In G.O.Misc.1232, Development, dated 8-7-41, Government ordered that the organisation of new banks depended on various factors and that no plan of expansion as that recommended by the Committee could be adopted. The proposals for the organistion of new banks during 40-41 were deferred on account of the orders of the Government contained in their memo confidential /26673 V/39-3, dated 29-9-39 that the business of the Central Land Mortgage Bank and of the Primary Land Mortgage Banks would have to be restricted if such a course was necessary and that economy should be effected alround till the financial conditions improved. This question was however reopened in 1942-43 and even then Government did not agree to any expansion. In this connection I invite attention to the correspondences leading to G.O.No.1895, Development dated 18-8-1943 and 1927, Development Department dated 1-5-44. They observed that in view of the high ruling prices of agricultural commodities and of the tendency of the ryots to repay rather than to take loans, it was doubtful whether new banks could develop sufficient business. The proposals to organise new banks were therefore dropped.

3. Government are aware that during the period 1942-43 to 1944-45 the Central Land Mortgage Bank was confronted with the problem of surplus funds due to advance repayments by the primary banks. It was then a period of lean business for the bank. In my letter No.873/43 dated 21-6-43 seven suggestions were made in order to enable the Central Land Mortgage Bank to improve its business. Government were then of opinion that the Central Land Mortgage Bank should remain quiescent for the time being and not attempt any expansion of business until the prices became stable (vide G.O.No.Mis.1760, Development Department dated 9-8-43). Government observed that while even well established banks felt embarrassed due to dwindling of business with their overheads remaining content, it was then not desirable to launch any fresh schemes to organise new Land Mortgage Banks. The circumstances have however very much changed since then. The following figures relating to issue of loans and advance repayments illustrate this position.

Years.	Amount of loan issued by the Central Land Mortgage Bank in lakhs. Rs. in lakhs.	Amount of Advance payments. Rs. in lakhs.
42-43	20.63	24.44
43444	18.24	25.31.
44-45	24.76	14.73
45-46	42.77	13.94
46-47	47.66	6.65
47-48	61,55	9.72

The issue of loans has been increasing steadily and advance collections have been decreasing. It is evident that the ryots are in need of more long term loans. It is opportune now to consider schemes to organise new banks in areas not served at present by any of the existing banks.

P.t.o.

4. There are at present 119 Land Mortgage Banks in the Province. During the pre-war period expansion of Land Mortgage Banks took place steadily and gradually; but no new bank was started in the past 6 years. The Board of directors of the Central Land Mortgage Bank at their meeting held on 16-11-1946 considered this subject and resolved that steps should be taken to organise 25 new banks. The 17th conference of the representatives of Primary Land Mortgage Banks held on 19-1-47 resolved to request the Government to organise new banks in areas which were not covered by the existing banks. In this connection I submit herewith a letter dated 21-2-47 from the Central Land Mortgage Bank addressed to Government through me. The Deputy Registrars for Land Mortgage Banks have so far reported that banks may be organised in the following centres:

Name of the Districts.	Name of taluks for which banks are proposed.	Number of banks.
East Godavari	Peddapuram	1
Guntur	Narasaraopet, Venukonda, Palnad	1
Kistna	Nandigama, Jaggayapet	1
Visagapatam	Cheepurapalli	1(to be separated from the jurisdiction of Vizagapatam Land Mortgage Bank and to organise a new bank).
Bellary	Bellary	1
Bellary	Adoni	1
Anantapur	Cumbum	1
South Arcot	Kallakurichi	1
Trichinopoly	Karur	1

Proposals for organisation of the banks at Peddapuram and Kallakurichi have already been received. The Central Land Mortgage Bank has agreed to the organisation of seven out of the nine banks mentioned above. As regards the banks proposed to be started at Bellary and Adoni I shall consult the Central Land Mortgage Bank after organisation papers are received from the Deputy Registrar concerned. The Royalaseema Cooperative Enquiry Committee has recommended that the societies should arrange for giving its members long term loans in the project areas vide recommendation No. 128. In my remarks on this recommendation, I stated that it is only the Land Mortgage Banks that can be entrusted with this work. Further the latest report of Dr. B.V. Narayanaswami Naidu on the Agricultural indebtedness in the Madras Presidency has revealed that the total debt stands at Rs.217.71 lakhs. The organisation of new banks will help liquidation of debts.

5. It is also relevant for consideration whether the Central Land Mortgage Bank can take up the financing of new banks proposed. The Central Land Mortgage Bank has strengthened its resources and has almost reached the standard prescribed by the Reserve Bank of India viz., that its owned capital should be 10% of its liabilities. In these circumstances, I consider that 9 new banks may be organised immediately at the places mentioned in para 4 above. I shall submit proposals separately for appointment of additional staff for attending to the work in the nine banks. I request that Government may be pleased to sanction the opneing of 9 new banks.

6. In view of the above Sri B. Venkataratnam may be informed of the steps I have taken so far in the matter of organisation of new banks. There is no need for appointing a Deputy Registrar for organisation of new banks as proposed by him just at present.

Sd. x x /for Registrar.

---

p.t.o.

Copy of letter No.Rc. 18710/46-J.dated 16-10-1948 from the Registrar of Cooperative Societies, Madras to the Secretary to Government, Development Department, Madras.

Sub: Cooperative Societies - Land Mortgage Banks- Organisation in new areas.
Ref: My letter No.Rc.18710/46-I, dated 27-8-1948.
Govt.Development Department Memo 80268 B.III/48-3, dated 24-9-1948.

In continuation of my letter cited, I submit that the Executive Committee of the Central Land Mortgage Bank considered the subject of appointing the additional staff in connection with organisation of new banks at the meeting held on 24-9-1948 and the following resolution was passed.

EXECUTIVE COMMITTEE RESOLUTION NO. 97 dated 24-9-1948:

"The Committee agrees to bear half the cost of 3 Cooperative Sub Registrars". In G.O.No.914, Development Department dated 29-6-1935 Government have conceded the principle of the employment of a Cooperative Sub Registrar atleast for every three land mortgage Banks. On this basis, three Cooperative Sub Registrars and three peons are ncessary for nine banks, proposed to be organised.

2. In G.O.No.2029, Development Department dated 7-5-47 Government have extended upto 31-3-1950 the concession of their bearing one half of the cost of the Cooperative Sub Registrars and peons employed in Land Mortgage Bank work and recovering the other half alone from the Central Land Mortgage Bank.

The Central Land Mortgage Bank has agreed to meet one half of the cost of 3 Cooperative Sub Registrars. Though the resolution of the Executive Committee does not state explicitly the willingness of the Bank to bear one half of the cost of the 3 peons, proposed to be employed, the bank has no objection to bear it. The Central Land Mortgage Bank has strengthened its resources and almost reached the standard, prescribed by the Reserve Bank of India Ltd., As on 30-6-1948, the owned capital of the Bank amounted to Rs.34.12 lakhs. The bank can bear the additional expenditure without much strain, on its financial resources. A statement showing the estimated cost involved etc., is enclosed.

3. I request that Government may be pleased to sanction temporarily for a period of one year from the date of employment, 3 additional posts of cooperative Sub Registrars and three posts of peons, in the time scale of Rs.150-5-200 and Rs.16-½-25 respectively. The expenditure may be debited to "42.Cooperation-b.Superintendance.".

4. I have already received proposals for the organisation of 5 new banks and they are pending registration for want of Government sanction. The Central Land Mortgage Bank is pressing for the starting of new banks. Representations have also been received from the merged Pudukkottah State area for the organisation of a primary Land Mortgage Bank and the Deputy Registrar Land Mortgage Banks, Coimbatore is investigating the matter. I shall approach Government for necessary sanction in due course. The additional staff now proposed, will be required soon after the banks are registered. I therefore request Government to sanction the scheme together with the staff forthwith and not defer it as a part II scheme for 1949-50. I request the favour of early orders.

Sd. x x/For Registrar

---

p.t.o.

GOVERNMENT OF MADRAS

Abstract.

Cooperative Societies - Land Mortgage Banks -Organisation in new areas - Employment of three additional Cooperative Sub-Registrars with three peons - Sanctioned.

-x-x-x